

# PRESS RELEASE

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## Wolseley Private Equity Kicks Off investor Charm Offensive

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Wolseley Private Equity will start raising a new \$300 million fund later this month, having flogged its Guardian Childcare Alliance, the third-largest childcare operator in Australia, to Navis Capital Partners on Friday.

As revealed by AFR.com, the sale price is about \$120 million, which represents a multiple of 7.5 to 8.5 times earnings before interest, tax, depreciation and amortisation.

Fort Street Advisors advised Guardian, while Oaktower Partnership tended to Navis.

While breakneck growth caused the industry to falter in the credit crisis, private equity firm Navis, which is run in Australia by Phil Latham, will look to achieve scale as soon as possible and will likely target the higher valuations achieved by listed operators like G8 Education, which trades at a multiple of 11 times EBITDA.

Despite the pitfalls associated with a swift expansion, Navis's exit depends upon scale, since any international purchaser will look to acquire a portfolio that offers a heavy market imprint.

Meanwhile, Wolseley will join larger rivals Pacific Equity Partners and Ironbridge on the fund-raising circuit, although those two are said to have dialled back their original targets.

Elsewhere, Pepper Australia and Cadence Capital informed the board of loan book manager RHG over the weekend of another revised bid for the company.

The duo have increased the cash part of their offer to 36 cents from 35 cents, and maintained a scrip component of one share in Cadence for every 10 in RHG.

The sweetened offer values the bid at 50.8 cents a share at Friday's Cadence close, compared to a 49.5 cent all-cash bid led by Resimac. Pepper and Cadence also expressed criticism of the RHG board for a lack of engagement.

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